

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

INTERNATIONAL UNION FOR THE NATURAL HEALTH,)	
COMPLEMENTARY & ALTERNATIVE MEDICINE)	No. D2002-68
PROFESSIONS, INTERNATIONAL UNION FOR THE)	
NATURAL HEALTH, COMPLEMENTARY & ALTERNATIVE)	ORDER TO
MEDICINE PROFESSIONS HEALTH & WELFARE PLAN,)	CEASE AND
also known as IUNHCAMP HEALTH & WELFARE PLAN,)	DESIST
INTERNATIONAL UNION FOR THE NATURAL HEALTH,)	
COMPLEMENTARY & ALTERNATIVE MEDICINE)	
PROFESSIONS HEALTH & WELFARE FUND, also known)	
as IUNHCAMP HEALTH & WELFARE FUND, and)	
ADVANCED ADMINISTRATION, INC.)	
Unauthorized Entities, and)	
)	
STEVEN GORMAN, MICHAEL DeBELLO, DR. HENRY)	
GOLDEN, RONALD QUARTERMAN, WILL GREEN, and)	
JEFFREY LANGLOIS.)	
)	

Pursuant to RCW 48.02.080, 48.30.010 and RCW 48.42.010- 050, the Office of the Insurance Commissioner ("OIC") orders International Union for the Natural Health, Complementary & Alternative Medicine Professions, International Union for the Natural Health, Complementary & Alternative Medicine Professions Health & Welfare Plan, also known as IUNHCAMP Health & Welfare Plan, International Union for the Natural Health, Complementary & Alternative Medicine Professions Health & Welfare Fund, also known as IUNHCAMP Health & Welfare Fund, Advanced Administration, Inc., Steven Gorman, Michael DeBello, Dr. Henry Golden, Ronald Quarterman, Will Green, and Jeffrey Langlois, their officers, directors, trustees, agents, and affiliates ("Respondents") to immediately cease and desist from

- A. engaging in the business of insurance in the state of Washington;
- B. seeking, pursuing and obtaining any insurance business in the state of Washington and from participating, directly or indirectly, in any act of an insurance agent or insurance company;
- C. soliciting Washington residents to sell any health plan or policy or coverage for medical, surgical, chiropractic, physical therapy, speech pathology, audiology,

professional mental health, dental, hospital, or optometric expenses to Washington residents in the state of Washington;

- D. soliciting Washington residents to induce them to purchase any health plan or policy or coverage for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses;
- E. representing to Washington residents that Respondents are offering a health plan or policy or coverage for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses that is exempt from regulation by the OIC unless and until Respondents demonstrate to the OIC's satisfaction that the Respondents are subject to the jurisdiction and regulation of another agency of this state, any subdivision thereof, or the federal government, including the U.S. Department of Labor as required by RCW 48.42.010;
- F. offering a health plan or policy or coverage for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses that has not been approved by the OIC until Respondents demonstrate to the OIC's satisfaction that the Respondents are subject to the jurisdiction and regulation of another agency of this state, any subdivision thereof, or the federal government, including the U.S. Department of Labor as required by RCW 48.42.010;
- G. offering a health plan or policy or coverage for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses without submitting to examination by the insurance commissioner to determine the organization and solvency of the person or the entity, and to determine whether or not such person or entity complies with the applicable provisions of the Insurance Code as required by RCW 48.42.030 and RCW 48.42.040; and
- H. offering a health plan or policy or coverage for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses, where the coverage is not fully insured or otherwise fully covered by Washington admitted life or disability insurers or health care service contractors or health maintenance organization agreements and where every purchaser, prospective purchaser, and covered person of the lack of insurance or other coverage has not been advised as required by RCW 48.42.050.

THIS ORDER IS BASED ON THE FOLLOWING:

1. Violation of RCW 48.05.030, Certificate of authority required; RCW 48.17.060, License required; RCW 48.44.015, Registration by health care service contractors required; and RCW 48.46.027, Registration, required--Issuance of securities.

During 2002, Respondents solicited Washington insurance agents, who hold resident licenses, to sell a health plan or policy or coverage for life insurance, annuities, loss of time,

medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses on behalf of Respondents in the state of Washington to Washington residents. As of April 4, 2002, there were 20 Washington state residents who were enrolled in health plans or coverage issued by Respondents. However, Respondents have not applied for or been granted, a certificate of authority or license to act as an insurance agent or an insurer, or a certificate of registration to act as a health care service contractor ("HCSC") or a health maintenance organization ("HMO") in Washington. Respondents have not submitted to OIC any appropriate certificate, license, or other document issued by another agency of this state, any subdivision thereof, or the federal government permitting or qualifying Respondents to provide coverage in this state.

2. Violation of RCW 48.42.020, Showing regulation by other agency.

RCW 48.42.010 provides that any person or other entity which provides coverage in this state for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses, whether the coverage is by direct payment, reimbursement, the providing of services, or otherwise, shall be subject to the authority of the state insurance commissioner, unless the person or other entity shows that while providing the services it is subject to the jurisdiction and regulation of another agency of this state, any subdivisions thereof, or the federal government. RCW 48.42.020 provides that a person or entity may show that it is subject to the jurisdiction and regulation of another agency of this state, any subdivision thereof, or the federal government, by providing to the insurance commissioner the appropriate certificate, license, or other document issued by the other governmental agency which permits or qualifies it to provide the coverage as defined in RCW 48.42.010.

On March 13, 2002 and April 17, 2002, OIC requested Respondents provide information and documentation that their health plans or coverage are subject to the jurisdiction and regulation of another agency. Respondents failed to submit to OIC an appropriate certificate, license, or other document issued by another agency of this state, any subdivision thereof, or the federal government permitting or qualifying Respondents to provide coverage in this state.

3. Violation of RCW 48.42.030, Examination by commissioner.

RCW 48.42.030 requires that any person or entity which is unable to show under RCW 48.42.020 that it is subject to the jurisdiction and regulation of another agency of this state, any subdivision thereof, or the federal government, shall submit to an examination by the insurance commissioner to determine the organization and solvency of the person or the entity, and to determine whether or not such person or entity complies with the applicable provisions of this title. On March 13, 2002 and April 17, 2002 OIC requested Respondents provide formal documentation that their plan or coverage was subject to the jurisdiction of another state or federal agency; Respondents have not provided this information.

4. Violation of RCW 48.30.040 False information and advertising; 48.44.110, False representation and advertising; and RCW 48.46.400, False or misleading advertising prohibited.

These code provisions provide that no person shall knowingly make, publish, or disseminate any false, deceptive or misleading representation or advertising in the conduct of the business of insurance, or relative to the business of insurance. During 2002, Respondents represented to Washington residents that the health plans or coverage they were selling were jointly managed Taft-Hartley multi-employer health and welfare funds financed through a separate trust fund independent of all employers and unions and operated in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA") under the regulation of the U.S. Department of Labor. This representation was false, deceptive and misleading, in that the U.S. Department of Labor has not issued to Respondent a finding that any of the Respondent's collective bargaining agreements are actually collective bargaining agreements within the meaning of ERISA section 3(40)(A)(i), and was intended to induce Washington residents to sell, purchase, or retain the health plans or coverage sold by the Respondents.

5. Violation of RCW 48.42.050, Notice to purchasers by uninsured production agency-- Notice to production agency by administrator of coverage.

RCW 48.42.050 provides that any production agency or administrator which advertises, sells, transacts, or administers the coverage in this state described in RCW 48.42.010 and which is required to submit to an examination by the insurance commissioner under RCW 48.42.030, shall, if the coverage is not fully insured or otherwise fully covered by an admitted life or disability insurer or health care service contractor or health maintenance organization agreement, advise every purchaser, prospective purchaser, and covered person of the lack of insurance or other coverage.

The health plans or coverage offered by Respondents are not fully insured or otherwise fully covered by an admitted life or disability insurer or HCSC or HMO agreement. Respondents failed to advise every purchaser, prospective purchaser, or covered person of this lack of insurance and coverages as required by RCW 48.42.050.

6. Violation of RCW 48.42.040, Application of this title to otherwise unregulated entities.

RCW 48.42.040 provides that "any person or entity unable to show that it is subject to the jurisdiction and regulation of another agency of this state, any subdivision thereof, or the federal government, shall be subject to all appropriate provisions of this title regarding the conduct of its business including, but not limited to, RCW 48.43.300 through 48.43.370." Under this provision, Respondents do not meet the statutory minimum requirements for solvency including but not limited to RCW 48.43.300 through 48.43.370, and do not meet the requirements for licensure. Based upon information provided to the U.S. Department of Labor by one or more of the Respondents: (1) As of July 31, 2000, the claims reserve of the IUNHCAMP Health & Welfare Plan or the IUNHCAMP Health & Welfare Fund lacked approximately \$263,000 to fully fund incurred, but not reported claims ("IBNR"); (2) As of

January 31, 2002, the IBNR funding deficiency had increased to approximately \$331,000; and (3) As of November 30, 2001, the IBNR funding deficiency had increased to approximately \$626,000. In addition, based upon the U.S. Department of Labor's analysis as of December 31, 2000, the IUNHCAMP Health & Welfare Plan's or the IUNHCAMP Health & Welfare Fund's liabilities exceeded assets by \$176,818 and, as of March 8, 2002, this solvency issue remained unresolved.

Any violation of the terms of this Order by Respondents, their officers, directors, agents, or affiliates, will render the violator(s) subject to the full penalties authorized by RCW 48.02.080, 48.17.530, and other applicable Code sections.

Respondents have the right to demand a hearing pursuant to chapters 48.04 and 34.05 RCW. This Order shall remain in effect subject to the further order of the commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY AND IS ENTERED at Tumwater, Washington, this 16th day of May, 2002.

MIKE KREIDLER
Insurance Commissioner

By: _____
John F. Hamje
Legal Affairs Division
Office of Insurance Commissioner
State of Washington